

Message Text

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43

ORIGIN OPIC-06

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FM SECSTATE WASHDC

TO AMEMBASSY RABAT

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E.O. 11652:N/A

TAGS: EINV

SUBJECT: OPIC INVESTMENT INSURANCE - 608-70-556 - MOROCCO
GOODYEAR INTERNATIONAL CORPORATION

REFERENCE: TROY TO WELBERT LETTER DATED MARCH 6, 1975

1. EMBASSY ASSISTANCE IS REQUESTED IN EFFORT TO OBTAIN SATISFACTORY FGA FOR LOAN MADE BY GOODYEAR EXPORT, S.A., A PANAMANIAN SUBSIDIARY OF GOODYEAR TIRE AND RUBBER CO., FOR \$2 MILLION LOAN MADE TO GOODYEAR MAROC. SUMMARY OF CASE TO DATE FOLLOWS.

2. ACTUAL INVESTMENT IN GOODYEAR MAROC MADE AS FOLLOWS:

(I) \$3,100,106 IN EQUITY CONTRIBUTED BY GOODYEAR TIRE & RUBBER CO., (2) \$2 MILLION LOAN MADE BY GOODYEAR EXPORT, S.A. AND (III) AN AGREEMENT BETWEEN GOODYEAR MAROC AND GOODYEAR TIRE & RUBBER CO. FOR TECHNICAL ASSISTANCE.

3. OPIC HAS ISSUED CONTRACTS TO GOODYEAR TIRE & RUBBER CO. FOR THEIR EQUITY INVESTMENT (ON DECEMBER 19, 1973) AND
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THE TECHNICAL ASSISTANCE AGREEMENT (ON DECEMBER 31, 1974).

4. AS POST IS AWARE, GOM HAS ISSUED SEVERAL APPROVALS FOR

THIS PROJECT, BEGINNING WITH NOTE RECEIVED IN 1972 AND THE LAST, DATED MAY 20, 1974, APPROVING AN INVESTMENT BY GOODYEAR INTERNATIONAL CORP., OPIC WAS ABLE TO ISSUE THE EQUITY AND TECHNICAL ASSISTANCE CONTRACTS BASED UPON THE FGA'S, EVEN THOUGH THE APPROVED INVESTOR WAS GOODYEAR INTERNATIONAL (A U.S. SUBSIDIARY OF GOODYEAR TIRE & RUBBER CO.) RATHER THAN GOODYEAR TIRE & RUBBER CO., THE ACTUAL INVESTOR, BECAUSE UNDERLYING CORRESPONDENCE CLEARLY SHOWS THE ACTUAL INVESTOR AS GOODYEAR TIRE & RUBBER. HOWEVER, SINCE THE LOAN WAS MADE BY GOODYEAR EXPORT, S.A., A PANAMANIAN SUBSIDIARY OF GOODYEAR TIRE, AND NO REFERENCE IS MADE TO THAT FACT IN ANY OF THE CORRESPONDENCE, OPIC DETERMINED THAT THE FGA IS NOT SATISFACTORY FOR COVERAGE OF LOAN.

5. FYI. THE OPIC DETERMINATION THAT PREVIOUS FGA'S WERE UNSATISFACTORY FOR THE GOODYEAR EXPORT LOAN WAS BASED UPON THE WORDING IN THE BILATERAL AGREEMENT BETWEEN THE USG & GOM FOR ESTABLISHMENT OF OPIC PROGRAMS WHICH REFERS TO PROJECTS IN MOROCCO PROPOSED BY U.S. CITIZENS. ALTHOUGH GOODYEAR EXPORT, S.A. IS BENEFICALLY OWNED BY U.S. CITIZENS, OPIC NEVERTHELESS REQUIRES THAT THE HOST GOVERNMENT BE FULLY AWARE THAT THE INVESTOR IS A FOREIGN CORPORATION.

6. ALTHOUGH OPIC DOES NOT NORMALLY TAKE RESPONSIBILITY FOR SECURING AN FGA, WE BELIEVE THAT IN THIS INSTANCE IT WOULD BE PROPER FOR THE POST TO SECURE THE FGA ON THE LOAN, AND REQUEST YOUR COOPERATION IN RESOLVING THIS MATTER.

7. IT WOULD BE APPRECIATED IF YOU WILL ARRANGE TO APPROACH THE GOM ASAP FOR THE PURPOSE OF SECURING THE FGA. A LETTER FROM GOM ALONG FOLLOWING LINES WOULD BE ACCEPTABLE:

QUOTE THE MINISTRY OF FOREIGN AFFAIRS PRESENTS ITS COMPLIMENTS TO THE EMBASSY OF THE USA AND, WITH REFERENCE TO UNCLASSIFIED

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THE NOTE FROM THE MINISTRY NO. DCEC/1/MAE/1797 OF MAY 20, 1974, HAS THE HONOR TO ADVISE THE AMERICAN EMBASSY THAT THE INVESTMENT MADE BY GOODYEAR TIRE AND RUBBER COMPANY AND GOODYEAR EXPORT, S.A. WHICH IS A PANAMA SUBSIDIARY OF GOODYEAR TIRE AND RUBBER CO., IS APPROVED BY THE MOROCCAN GOVERNMENT FOR PURPOSES OF OPIC INSURANCE UNDER THE AGREEMENT ON THE SUBJECT BETWEEN OUR TWO GOVERNMENTS. UNQUOTE

OPIC WOULD APPRECIATE YOUR URGENT ATTENTION TO THIS MATTER
IN VIEW LONG DELAYS SINCE ISSUANCE LAST FGA. INGERSOLL

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